

**TASK ORDER PROGRESS  
AND COST REPORT**

**LOCAL GOVERNANCE  
REFORM INITIATIVE**

**GEORGIA**

**APRIL - JUNE 2001**

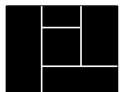
Prepared for



US Agency for International Development/PPC/CDIE/DI  
Local Government Assistance Initiative  
Contract No. EEU-I-99-00015-00  
Task Order No. 809

Prepared by

Martha Sickles



**THE URBAN INSTITUTE**  
2100 M Street, NW  
Washington, DC 20037  
(202) 833-7200  
[www.urban.org](http://www.urban.org)

July 2001  
UI Project 06901-012

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**TASK ORDER PROGRESS AND COST REPORT**  
**GEORGIA LOCAL GOVERNANCE REFORM INITIATIVE**  
**APRIL - JUNE 2001**

**Task Order No.:** EEU-I-99-0015-02, TO 02

**Date of Issuance:** 9/15/2000

**TASK ORDER DESCRIPTION**

In September 2000, USAID contracted the Urban Institute (UI) for a three-year Local Governance Reform Initiative (LGRI) in Georgia. The project is designed to support the following activities:

- Expansion of citizen participation and transparency in local government operations;
- Legislative reform and policy dialogue;
- Development of municipal, professional and other associations related to local government;
- Targeted assistance for 10 municipalities and towns, training for other municipalities; and
- Conflict monitoring and rapid response.

During its first year, LGRI is playing a significant role in preparing the country for its local government elections in November 2001, particularly with regard to the legislative framework, building relationships between citizens and local government officials and improving local government capacity to carry out its mandate of responding to community needs and priorities more efficiently and responsively. Local government officials stand to gain from these improvements, as their jobs will depend on their success or failure. Following the elections, LGRI will shift to more intensively focus on building local government capacity.

***Highlights***

- Official LGRI program presentation and MOU signing conference with local partners, USAID and Embassy officials held on April 19<sup>th</sup>.
- LGRI program presentations and seminars on the reform of the Organic Law on Local Self Government and Government, attended by government, media and civil society, held in the 5 partner local governments
- Presentation of first budget and finance workshop May, planning and design of first phase of 4 workshops completed –with second planned for July 11-13<sup>th</sup> as well as a training skills development workshop for prospective local budget trainers
- Completion of proposed amendments on the Organic Law and implementation of lobbying and media campaign
- Finalization of Baseline Assessment with publishing of 1000 copies in Georgian and 200 in English in progress
- Staff retreat held in Bakuriani facilitated by Bo Razak with an focus on team building and clarification of roles, procedures and working relationships

## **PROGRESS OF MAJOR ACTIVITIES**

### **Baseline Assessment**

The baseline assessment translation has been completed and an edited version in English was submitted to USAID in early March for final review and comment. USAID's comments have been incorporated and translated and a publisher selected to produce 1,000 copies in Georgian and 200 in English. LGRI developed a brochure that summarizes the findings of the baseline assessment as well as overall program description in Georgian and English. These brochures have been distributed in all partner cities and to partners in Tbilisi.

### **Local Government Capacity Building Program Assessment Phase**

On April 19<sup>th</sup>, the Urban Institute held a two-part seminar to present the program to the partner city officials (chairs of rayon and city councils and gamgiabelis) and to solicit their input into program design and planning. This was attended by at least two persons from each local government. Philip Remler, Embassy Charge d'Affair and Michael Farbman, USAID Mission Director gave introductions.

During the seminar, local officials were polled concerning their interest in the elective programs. Four local governments were interested in assistance in developing information centers and in creating business or economic development strategies. One local government requested assistance with condominiums and another assistance in the area of public services. The final selection of elective programs for each city will be determined after reviewing the findings of the consumer survey with the local government officials.

The second part of the seminar presented the program elements to a wider range of stakeholders including international donors and government officials. In addition, a panel discussion on the reform of the Organic Law on Local Self Government and Government was held with key members of Parliament, State and Local Government, publicizing critical issues surrounding this law. UI published and distributed brochures outlining the program elements and critical issues found in the Baseline Assessment in English and Georgian. National and local press and television covered the event.

In May and June, the LGRI team visited all cities, presenting the LGRI program to the local government, public, media and NGO's. Members of the Legislative Technical Group combined these introductory meetings with a presentation on the ongoing debate over the reform of the Organic Law on Local Self Government. LGRI staff met with local officials, NGO's and the media to continue the assessment of each local government as well as to prepare the opening of local offices. Particular focus is on the development of individualized programs of public participation and information to meet the varying needs and progress of each local government in these areas.

The team has located facilities for a combined local office and residence in Poti, Zestaphoni and Lagodekhi. The team also located offices in the office of the Young Scientists in Ozurgeti. In addition, a desk will be provided in each of the local government offices for the coordinator. Computers and printers for the local governments and regional offices have been purchased and will be delivered next month.

LGRI staff worked with the Institute of Polling and Marketing to develop the survey instrument and sampling for the consumer survey in each local government with a total of 4,000 respondents. The fieldwork was completed in late June with initial results expected in early July. The survey will suggest citizen attitudes towards and awareness of local government and the media as well as preference for



elective programs. The individual local government assessments should be completed by the end of August.

## **Planning for Core and Elective Programs**

### **Finance and Budget Training**

Four modules of the financial training program for budget officers and key local officials engaged in the budget work have been planned by LGRI staff and UI staff ( Ritu Nayyer Stone) and consultant (Win Evans) under the title, "Modernizing Financial Management for Georgian Local Government". The seminar topics - were determined in consultation with the local officials and based on stated needs and interests of the local officials, particularly the government finance officers as well as an assessment of current training materials in budget and finance.

- The first module that included topics of the operating budget, current budget techniques, strategic planning and budgeting was presented on May 14-15, 2001.
- The second module, to be presented July 11-13<sup>th</sup>, presents review of strategic planning homework, operating budget process and program budgeting with case studies from Hungary, budget execution and control and citizen participation
- The third module, planned for mid September, will focus on financial planning and policy including money management, debt management, capital programming and performance measures
- The fourth module, planned for November, will present revenue maximization and alternatives and revenue and expenditure forecasting
- The fifth meeting, planned for January is a joint meeting of 2001 participants and new council members and staff of the first five cities as well as representatives from the second five cities to share experience and hold a "graduation" ceremony.

A training skills workshop and discussion on the topics for the budget public awareness seminars to be held this summer will be conducted by Win Evans in July.

Zaal Anjaparidze drafted a brochure on public participation in local budget processes that will be provided to the local governments to use as a basis for their brochure for their citizens. Seminars to increase public awareness of the local government budget process will be designed and delivered early this fall in cooperation with Civitas, a Tbilisi based NGO.

The in-depth assessments of the local government budgets are continuing and will form the basis of the specific interventions in this area for each local government.

### **Public Information and Participation**

The in depth local government assessments and the consumer survey findings will provide direction for design of the public information and participation programs in each local government as well as to identify local NGO partners. Negotiations are in progress with three Tbilisi based partner NGO's: Civitas, ICCG and ICCN, to assess existing training materials and manuals for local government officials as a first step in the design of leadership training for newly elected officials to be delivered this winter.

NGO partners will also participate in the design and delivery of seminars in the areas of citizen participation, public awareness of the new Organic Law of Local Self Government and Government and the Election Code, and information training to begin in the early fall. These seminars will be designed to



increase public awareness of the new legislation and their rights and obligations as citizens. This should assist them in selecting local government officials in the election.

The LGRI recently signed a letter of agreement with the Georgian Institute of Public Administration to cooperate in curriculum development, currently with a focus on budget and finance, that may later be used in their proposed degree program in local government administration as well as to assist them in marketing their Local Government degree program in the regions.

### **Information Centers and Local Government Data Bases**

LGRI staff is cooperating with the Eurasia Foundation to provide local information centers and automation of key databases for all local government partners. Eurasia is already supporting programs in Mtskheta and Ozurgeti. Eurasia invited the other three partner cities to submit proposals for funding of an information center. While the request for proposals allows either the rayon or city council to submit proposals, the former or a combined proposal between city and rayon were encouraged as Eurasia wished to provide a rayon wide information base. However, the unresolved issues in the discussions on the Organic Law for Local Self Government have caused Eurasia to require that rayon councils form an association that will manage the grant as they fear the rayon council may not exist in the future. This has delayed the decisions on grant awards that will now be made July 20<sup>th</sup>.

The LGRI is exploring the need to conduct information needs assessment to assist in determining the information needs and sources in local governments. This will be decided upon award of the Eurasia grants.

### **Condominium/Housing Association Development**

The City of Zestaphoni indicated interest in assistance in the formation of condominium or housing associations. Consumer interest in other localities may be suggested by the findings of the consumer survey. The LGRI is in the process of contracting with the Association of Urbanists to provide assistance with this elective program. Representatives of the Association have been working with the Ministry of Construction and Urbanization in developing a Law on Condominiums. Although the formation of condominiums or housing associations is enabled in the recently approved Civil Code, registration of housing associations is not mandated. The Law will introduce mandatory registration and other provisions that will improve the enabling environment for condominiums. This Law should be introduced into Parliament in the fall.

Besides the legislative work, the project will promote the organization of condominiums, provide training in housing management and promote investment in common areas and building systems through a small grant program. Carol Rabenhorst, UI legal advisor with a specialization in condominiums will come in late July to review the law and assist in program design and initial implementation. The program will build on similar successful efforts conducted by Urban Institute in Central Europe, and Armenia.

### **Economic/Business Development Strategies**

Three of the five local governments have requested assistance in creating participatory business or economic development strategies. Few Georgian NGO's have experience in local economic development strategies and most local governments conduct strategies based on the national normative economic plan with no community participation. LGRI would like to use consultants from the CIS, most probably Poland to assist in this activity.



To facilitate this work, LGRI has suggested a study tour to Poland to observe economic development strategies in implementation as well as other local government issues. However, USAID representatives requested that LGRI postpone study tours until after the elections. The study tour envisioned would use Polish consultants and partner cities supported by USAID over the past ten years, most recently as part of the Local Government Partnership Program.

### **Nationally Focused Programs**

#### **Dissemination Strategy**

The LGRI program plans to disseminate training materials, manuals, reports and best practices widely to Georgian local governments and other interested parties. Zaal Anjaparidze, Director of Public Information and Public Relations, has contacted all modes of media on the national and local levels, resulting in considerable press coverage of the program. He is developing agreements with local media in partner cities to provide ongoing coverage of the program activities.

The program will be developing and disseminating a wide range of informational brochures, training materials, manuals and reports. LGRI is in the process of developing a web site as one mechanism for dissemination. As Internet access is limited in the regions, LGRI is reviewing the potential of a national local government newspaper that can be sent electronically and published in hard copy. This is under discussion with partner NGO's and other donors.

To date, over 2,000 brochures describing the program have been distributed and 1,000 copies of the Local Government Baseline Assessment will be printed in Georgian and 200 in English.

As mentioned earlier, LGRI hopes to disseminate training materials and case studies through use by the Georgian Institute for Public Administration and other training institutions and NGO's.

### **Legislative Reform Process**

In April, legislative working groups continued work on the Organic Law of Georgia on Local Self-Governance and Governance according to the schedule approved. During April legislative groups discussed local finances, property, internal organization and intergovernmental relations, and agreed on recommended principles. As there was a preliminary request from the Chairman of the parliamentary committee on local self-government to submit the draft law in the first part of May, the TG accelerated its efforts to complete the task in time. By the end of April the government of Georgia made decision on amendments, instead of drafting a new law.

With the assistance of the US experts Francis Conway and Richard Winnie, the TG created basic documents – “Proposed Amendments. Organic Law on Local Self-Governance and Governance”, on May 10, 2001, which included ten most important recommendations. Based on this document, which was agreed between representatives of the State Chancellery, Parliament and Georgian NGOs, by May 18, the TG members developed the second document – “*(TG Draft)* Organic Law of Georgia. On Amendments and Addendum to the Organic Law of Georgia On Local Self-governance and Governance, which was presented at the Conference organized by the LGRI in Tbilisi Business Center. Approximately 100 participants consisting of members of the Parliament, State Chancellery, local government officials, NGO representatives, international organizations, and media attended.

A draft law prepared by the TG members was officially submitted to the President of Georgia and the Chairman of the Parliament of Georgia. In late May and June the TG focused on lobbying the Chancellery and Parliament and increasing public awareness of the legislative debate.

1. **Work with the State Chancellery:** One week later after the May 18 conference, Badri Khatidze (Head of Regional Policy and Management Service at the President of Georgia) officially announced at the Parliament, that they would use the draft law prepared by the TG as the basic document. Unfortunately the TG met resistance and few principles and definitions were adopted due to a lack of political will of national executive authorities to adopt real decentralization in the country. There are two fundamental points of disagreement: distribution of functions, finances and property between rayons and municipalities, and election of mayors in big cities. The President prefers to keep a system of appointed local executive officials, which can give him the opportunity to control regions and large cities, and influence future parliamentary elections for his majority and presidential elections for his successor.
2. **Work with Parliament:** During this period the TG and AG worked with the Parliamentary Committee on Local Government and other members of Parliament including the “Citizens Union of Georgia”, and factions from opposition – “Agordzineba” (Revival), “XXI Century”, “Entrepreneurs”, “New Faction”, “Traditionalists”, and “Socialist”. There was a preliminary agreement with the Chairman of the parliament committee on local self-governance, Roman Kusiani, concerning cooperation after the President's draft amendments to the Organic Law was submitted to the Parliament of Georgia. As soon as the President's draft was submitted, the TG group met with Mr. Kusiani and members of the Committee to review it and insert principles agreed at the Advisory Working Group meetings. There is also agreement with Mr. Kusiani to finalize this work at the second meeting.
3. **Work with NGOs:** From May 21 to June 20 there were several meetings and consultations of the TG members with leading NGOs of Georgia that deal with local government. They conducted a letter-appeal to the Parliament of Georgia. Radical demands of certain NGOs – Liberty institute, the UN Association of Georgia - (to include to the draft law prepared by the TG special chapter on regional administrative-territorial arrangement, and held elections of regional executive and legislative bodies in the Fall of 2001), threatened consensus until all agreed to limit their demands to the self-government level and to include into the draft law transitional articles on administrative territorial arrangement later, after the local elections in the Fall of 2001. They also agreed to organize a press conference on June 20.
4. **Dissemination:** Presentations were made to local government officials, NGO's and media in each of the five partner cities to both inform the public and to solicit feedback on the legislative proposals. A press and television media campaign was organized with practically most channels of national Georgian television covering the work of the TG and technical assistance of the UI. To increase journalists understanding of this complex issue a briefing for journalists organized in the LGRI office. The following newspaper articles were published: “Dilis Gazeti” (June 5 and June 18), “Rezonansi” (June 16), “Press Kourier” (June 18 and June 21), “Svobodnaya Gruzia” (June 30). Members of the Technical Group also participated in various conferences to share their views.
  - South Caucasus Conference on LSG issues organized by the State Chancellery and the Council of Europe, June 7-8.
  - Councils Association of Georgia in Tabakhmela on the Organic Law of Georgia on LSG and LG, June 17-18
  - Conference of the Councils Association of Georgia in Tbilisi on Republican Cities – July 5





As the political struggle between different stakeholders was so sharp, that Parliament failed to adopt the Organic Law on Local Self-Government in May or June and postponed its discussion to the extraordinary session in July, which still is not scheduled, mostly due to disagreements on elections of mayors of big cities.

### **LGRI Staffing**

During this quarter, the LGRI staff more than doubled to its full complement of 14 persons. The longer city selection process as well as USAID's request to advertise widely in the regions delayed hiring of local coordinators. With the full team just assembled, USAID's request that LGRI hold a staff retreat was very timely to assist in clarifying roles, procedures and interpersonal dynamics necessary to carry out this complex program with five satellite offices. Mr. Bo Razak, organizational development specialist, conducted this three day retreat proceeded by an assessment consisting of interviews with LGRI staff, Jeff Telgarsky, Director of UI's International Activities Center.

The retreat resulted in a program to continue development of the LGRI team, organizational operations and management restructuring.

### **SIGNIFICANT FINDINGS AND DELAYS**

The delay in passage of the Organic Law on Local Self Government and the Election Code continues the uncertainty in many areas that impact the LGRI. If the delay continues, there may be a postponement of local elections that will greatly affect LGRI progress.

As stated previously, delays in selection of partner cities, recruitment of coordinators and approvals for equipment for regional offices and partner cities pushed back the opening of local offices. However, assessment work and design and delivery of programs have proceeded as planned. Similarly, the organization of the LGRI Advisory Board has been delayed with the city selection but the first meeting will be held this month.

Written complaints concerning the level of participation by partner NGO's slowed the process of contracting with them as the issues were reviewed by USAID. However, at present subcontracts are under negotiation with four of the six NGO's that sent the letter.

### **WORK SCHEDULED FOR THE NEXT REPORTING PERIOD**

- Completion of individual local government assessments and consumer survey
- Opening of field offices in partner local governments
- Delivery of partner specific citizen participation and information programs
- Determination of elective programs for each partner and modifications of MOU to include them
- Completion of work on the Organic Law
- Commencement of Phase Two of the legislative program
- Distribution of baseline assessment
- Design and implementation of elective programs with local consultants and partners and international consultants
- Design of leadership training to be delivered post elections
- Commencement of information system and center programs
- Design and implementation of grant program



- Continued work in organizational development and management restructuring

**SPECIFIC ACTION REQUESTED**

None

**UP-TO-DATE SCHEDULE OF WORK**

Work is proceeding on schedule according to the work plan.